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CONFIDENTIAL

BOOK DISPATCH NO. 78

DATE May 1956

25 June

TO : Chiefs of Stations and Chiefs of Bases

FROM : Finance Division

SUBJECT: GENERAL -
SPECIFIC - Currency Rates

ACTION REQUIRED: Suggestions re Simplification of Exchange Transactions

1. Recently one of the field stations suggested that fixed rates of exchange be established in order that a three digit "fixed" conversion table could be used.
2. Examination of this proposal has resulted in the conclusion that necessity for periodic adjustment to actual costs, as well as frequent requirements for redetermination of the "fixed rate" to appropriate actual rates in areas where significant fluctuations of currency values occur would offset benefits to be derived from a rate fixed by Headquarters.
3. As an alternative, and in order to simplify exchange computations, there is no objection to "rounding off" rates of currency at a point which approximates cost and does not require material adjustments to exchange equalization. As a general rule, it would appear that such "rounding off" could be at three (3) digits beyond the decimal point, except that rates for currencies having a value of less than one cent (\$.01) per unit should normally be carried to five (5) digits. Adjustments of the value of blocks of currency to accomplish such "rounding off" should be recorded in the exchange equalization account as each block is established and at the month end when all blocks of like currency are consolidated into a single block.
4. In addition to "rounding off" currency rates, in the event that computation of the rate for a new block of currency reveals that the new rate represents only a nominal change from the previously established rate, the new block may be established at the old rate.
5. It is recognized that utilization of the above procedures will afford little simplification of exchange calculations in many instances. It is necessary, however, that currency rates be maintained in such manner as to avoid the need for frequent complicated adjustments and, also, in such manner as to reflect proper costs. Headquarters would appreciate receiving any suggestions Finance Officers may have developed to simplify handling of rate problems.

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